



## Sell the Hayes Mansion

Posted by [Pierluigi Oliverio](#) on Monday, October 27, 2008

Last week the San Jose City Council discussed the Hayes Mansion, a historic 100-year-old south San Jose estate. The City of San Jose bought this property about 10 years ago. The story of “why” the City purchased the property is long...and depending on whom you ask, the reasoning can change. Therefore, for the sake of brevity, I will skip the reason why the City owns the 214-room hotel with two restaurants and twenty five conference rooms.

Although the Hayes Mansion is a beautiful piece of property, I do not see it as a core service of the City. Like our golf courses, which were funded by millions of dollars of bond money without a vote of San Jose residents, this facility was funded by bonds, without the approval of voters. In this case the bonded amount was \$65 million. And, like the golf courses, the city is paying millions of dollars every year to re-pay the bond monies—the City spends approximately \$4 million annually to subsidize this prior council vote. My preference would be to sell it.

If we sell the Hayes Mansion “as is” as a hotel and conference center, we would only recoup about \$30 million of the \$65 million, which would not be enough for the City to pay off the bonds. The hotel has approximately a 50 percent vacancy rate, so perhaps south San Jose is not the best location for this type of use.

An idea that I think is worthy of consideration, is that the City of San Jose’s Housing Department look into the possibility of converting the Hayes Mansion to affordable senior housing. Either the Housing Department and/or another affordable housing agency could evaluate the potential.

However I believe the best option that would pay off the bonds and stop the \$4 million bleeding is a high-end senior housing development known as “assisted living.” Assisted living facilities exist throughout the USA. The Hayes Mansion could provide a place for seniors to live in a resort-style setting with a pool, restaurant, fitness area and adjacent park. This type of use is in high demand and expensive therefore I believe this would be the best alternative.

Doing nothing costs us \$4 million each year. With that \$4 million we could open every neighborhood branch library in the city on Sundays and change the libraries from being closed half days on Mondays to being opened all day. In addition, the City would be able to double the budget for graffiti removal. The City could also consider putting this money in reserves to balance the budget since our tax receipts will be lower for a few years due to the economic slowdown.

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